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SUBJECT: CODEL DODD VISIT TO BOLIVIA MAY 27-28

¶1. (SBU) Summary. Despite aircraft problems, CODEL Dodd was able to visit La Paz for meetings with Vice President Garcia Linera, joined by the Foreign Minister, and with opposition leader former President Jorge "Tuto" Quiroga. The Vice President said his government was interested in better relations with the U.S. but repeated accusations that USAID was working against the government. In response to Dodd's mentioning that harsh anti-U.S. rhetoric is not helpful, Garcia Linera tried to explain that President Evo Morales is scarred by his prior experiences with the United States (as a cocalero) and that at times these "wounds" resurface. Quiroga spent much of his time with Dodd and Becerra talking about Chavez and his negative role in the hemisphere, including Bolivia. In his press opportunity, Dodd defended the Ambassador and urged a "lowering of the temperature" in the hopes that a better relationship can be forged, particularly with a new U.S. Administration on the horizon. The CODEL departed for Santa Cruz, where Dodd met with peace corps volunteers before proceeding on to Buenos Aires. End Summary.

CODEL Dodd Meeting with VP, FM; USAID Accused Again

¶2. (SBU) Senator Dodd and Congressman Becerra, accompanied by staffers Blumenfeld and Orringer, met with Vice President Alvaro Garcia Linera and Foreign Minister David Choquehuanca May 28. (Note: The CODEL requested a meeting with President Evo Morales and had been assured by Ambassador Guzman in Washington that it would happen, only to learn last minute that the President would not be available - no specific reason was provided. End Note.) Senator Dodd expressed an interest in trying to improve relations between the United States and Bolivia, noting that we share many common interests -- improving education, health care, human rights, economic opportunities; but, the harsh anti-American rhetoric coming from President Evo Morales was not helpful.

¶3. (SBU) The Vice President explained that one needs to understand the Morales Administration's rhetoric in the context of many cabinet members' negative personal experiences with the USG in the past. Garcia Linera said that there is an interest in "turning the page but the past weighs heavily." For example, he related a recent press account based on an interview with a policeman who alleges that there was a plot to assassinate Evo when he was a cocalero in 2002, a plot that supposedly involved anti-narcotics units financed by the USG. Garcia Linera also remarked that he himself was tortured and that he was certain that those who tortured him were being directed by a Spanish and an American adviser, and that one day he was going to find out who these people were but for now he has tried to put it behind him, but it is hard, "wounds open and come out

in our rhetoric."

¶4. (SBU) "We want to move on," Garcia Linera added, "we want friendly relations, focused on economic terms. We do not want to be a beggar government. We want respect. We do not want intervention. I have no complaints about the Ambassador (Goldberg), he is a professional, not even the Embassy, they know how to do things but is it USAID that worries me. We have come across an e-mail from some person at USAID to an NGO which talks about supporting moderate indigenous groups, and a few days later we see some of these people meeting with the Prefect from Santa Cruz." We see this as you working to oppose the government." The Vice President complained that USAID also had hired a number of former officials from previous governments, implying that this constituted support for the opposition. Garcia Linera mentioned that there were plans to brief the U.S. Congress once all the information on USAID's anti-government activities had been compiled. "But, what worries me most, what is most dangerous, is not this support to individuals but rather that you are trying to win the hearts and minds of the people. That has a long-term effect, we cannot allow that." The Ambassador explained that our USAID programs are meant to support democracy, that individuals are hired because of their qualifications and expertise, and noted that he has repeatedly asked the government to provide proof to substantiate Evo's and the FM's accusations, but had yet to receive anything.

¶5. (SBU) Dodd and Becerra both said that it was important to move beyond the past. "Words matter," Dodd stressed, urging that there be a "lowering of the temperature." There soon will be a new Administration in Washington and this will provide an opportunity for a fresh start, Dodd added. Becerra added that it was difficult for the American people to understand attacks on the United States and that it would be better to work to establish friendly relations. Garcia Linera replied that there is great interest in the U.S. market, "we need permanent trade preferences, more U.S. investment, we want to industrialize." But, under Morales there is a different economic model. Garcia Linera explained that "for 500 years of colonial history and 180 as a republic we have been a resource rich nation but remained poor. We are determined to change this. We will have more state involvement, more taxation of natural resources. Companies complain about paying more taxes, but they will pay. We are now a country run by the indigenous and it is our right."

¶6. (SBU) The Vice President touted the economic successes of his government, an economic growth rate of 4.5 percent each of the past two years, which he said would have been 6 percent were it not for natural disasters resulting from El Nino and La Nina. Hydrocarbon revenues are up 150 percent, revenues from minerals are up from \$600 million to \$2 billion, and there is no budget deficit. But, the VP acknowledged, there were problems as well. While agriculture exports are up there is not enough supply for the domestic market, "and this needs to change. We will provide food security for our people," Garcia Linera asserted.

¶7. (SBU) Senator Dodd asked about recent news of Argentina signing a gas deal with Trinidad and Tobago apparently because Bolivia was unable to provide sufficient supply. The Vice President acknowledged that Bolivia does not have the money to invest in order to expand gas production but wants to attract foreign investment. "We are not getting it. Perhaps we need to tighten the screws..." Garcia Linera remarked. Then, the VP said that the oil companies did not want to invest in Bolivia because they say that Argentina is not a good payer. "Do you want me to take that message to Buenos Aires," Dodd joked. "No, no," the VP replied quickly, "that is between us." "But, companies are worried about investing in Bolivia," Dodd noted. "They should not be," said Vice President, "we provide juridical security and Bolivia should be the energy center of South America. The estimates are that we have anywhere between 54-80 trillion cubic feet in gas reserves."

¶8. (SBU) Turning to drugs, the Vice President said that his government is fully committed to combatting drug trafficking. "We have never placed any restrictions on our police and military to do the necessary against the drug trade. We will put a chip in every coca leaf if that is what it takes," remarked Garcia Linera. "We want your help and cooperation," he added.

¶9. (U) Bio note on Foreign Minister. Representative Becerra commented that he understood that the Foreign Minister had relatives in California, to which Choquehuanca sheepishly said "yes, many of my relatives migrated to California some 15-20 years ago. One sister and a brother live in the Los Angeles area. The brother does contracting work, hiring Mexican subcontractors because, according to Choquehuanca, Americans trust Bolivians because they are more responsible than Mexicans. Choquehuanca then remarked that one of his nephews was a war veteran -- of Iraq. "But, he doesn't speak to me, perhaps you (U.S. authorities) have told him not to talk to me," quipped the Foreign Minister.

Opposition's Quiroga Stresses Chavez Menace

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¶10. (SBU) Senator Dodd noted that he hoped that with a change in the U.S. Administration in January there would be a renewed focus on the Hemisphere and asked former President Quiroga how he viewed the situation in Bolivia. Quiroga said that paradoxically Bolivia was facing the "best of times and the worst of times." The best in that the economic situation has never been better, the worst in that politically the country is becoming increasingly polarized as Evo Morales looks to impose his vision of change and perpetuate himself in power. On the economy, Quiroga noted that exports were four-fold what they were five years ago, remittances have also quadrupled in that time period. Bolivia's natural resources are in high demand and getting record prices - gas and minerals. But, inflation is on the rise and there is no production, "we don't even have enough gas production because foreign investment has dried up," Tuto remarked. "We should be in a period of economic bonanza, but it is being wasted," he added. Quiroga also noted the surge in coca production and drug trafficking, noting that his government had made great strides but, "now drugs are coming back, it makes me sad, it breaks my heart," he said.

¶11. (SBU) On the political front, Quiroga stressed the threat that Hugo Chavez poses to the Hemisphere, and Bolivia in particular. "He (Chavez) is looking to spread his tentacles, establish satellites and Bolivia is a prime candidate...Evo, like Chavez, wants to centralize power, liquidate institutions, perpetual reelection -- impose a constitution, legitimize a bad government." But, Quiroga said defiantly, "we will not let him, we will sort this out, we know we are in for a long, protracted fight, but we are determined."

¶12. (SBU) Senator Dodd inquired what the opposition was doing to appeal to the indigenous majority, noting that the opposition has a reputation as being antithetical to indigenous interests. Quiroga proudly replied that he had the first indigenous women in his cabinet and that the issue of indigenous rights was being manipulated by Evo. Quiroga explained that on civil rights, the indigenous have had equal rights since 1953, but that the real issue is economic empowerment. Tuto said that his government worked to improve economic conditions, provide better education, better health care. What was Evo doing? "The government exploits the perception that if "you have a pale face, you are against the indigenous," remarked Quiroga. "The reality is that 300,000 Bolivians (out of population of 9 million) have left to Spain under Evo's two years in office in search of jobs."

¶13. (SBU) Dodd asked if other leaders in the region, Uribe, Garcia, Lula, were providing a counterweight to Chavez and helping bring stability to Bolivia. Quiroga complained that Brazil has ceded its leadership to Chavez and "does nothing" in Bolivia. Quiroga commented that the opposition is well

aware that it has to defend democracy, "our problems will not be fixed by Brussels or Washington, we know we need to fix them."

¶14. (SBU) Representative Becerra asked about the prospects for a new constitution. Quiroga explained that the government had been poised to push for a vote to approve the constitution it drafted, while physically blocking the opposition from sessions where the language was "approved." Therefore, he decided that in order to avoid a referendum on the constitution, the opposition would approve the governments original proposal for a recall referendum. "It was our move to stop the constitution," Quiroga said. (Note: Under Bolivian law, there can only be one national referendum per legislative session so in effect by having a recall referendum, the government will have to wait until 2009 to have a referendum on the constitution. End note.) Quiroga added that the opposition is determined to prevent Evo from codifying his totalitarian regime with a constitution. Quiroga believes that the recall move had significantly reduced the prospects for a new constitution, although he is sure Evo will try again.

CODEL's Press Opportunity: "Attacks on Ambassador Unhelpful"

¶15. (U) Senator Dodd's opening statement focused on highlighting the common interests between the United States and Bolivia, promoting education, health, and economic prosperity. The Senator noted that he had a good and frank discussion with the Vice President and Foreign Minister, stressing the need for both countries to work together. Becerra for his part highlighted the ties between the American and Bolivian people, a common desire to see growth, and remarked that much had been done in this regard but more needed to be done.

¶16. (U) In response to press questions regarding the constant attacks by the government on Ambassador Goldberg and the Embassy, Senator Dodd said "I have a lot of faith in our Ambassador here, he is a professional, a man with considerable experience, and who understands very well the importance of working every day to have good relations between our two countries. Hopefully, in the coming days we can have a lowering of the temperature, I understand that politically (those attacks) are popular in certain places but it is important when change is coming (a new U.S. Administration), as we have an opportunity to improve relations between our two countries. It is in the interest of both countries to improve the lives of our people. Therefore, attacking an Ambassador, an Embassy, maybe has political value, but ultimately those words do not help much." Becerra added: "what we are looking for is friendship and the will to move forward, so that our democracies progress. Although words matter, I believe we are family and what matters most in the family are actions, not words."

¶17. (U) After departing La Paz, the CODEL met with Peace Corps volunteers in Santa Cruz prior to taking off for Buenos Aires. CODEL Dodd cleared this message.

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